



**Director of  
Central  
Intelligence**

~~**Top Secret**~~

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# **National Intelligence Daily**

*Thursday  
20 October 1983*

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**GRENADA: Prime Minister Reportedly Dead**

*Unconfirmed press reports state that Prime Minister Bishop and several of his cabinet ministers were killed in a melee with government forces after having been freed by civilian supporters.* [redacted]

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The press says Army commander Austin last night announced a four-day, 24-hour curfew. He also formed a revolutionary military council. [redacted]

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The US Consulate in Martinique reports that a West European contact believes the plot to seize power in Grenada was encouraged by Moscow and Havana following Bishop's talks with US officials earlier this year. [redacted] however, a Grenadian labor leader claims that there has been no foreign involvement in the current crisis. [redacted]

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Havana's anxiety over the protracted power struggle has been building since late last week. [redacted]

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**Comment:** The bloodshed associated with the crisis is foreign to the democratic traditions of the English-speaking Caribbean nations, and their inevitable revulsion will seriously damage Cuba's image in the region. Nevertheless, to preserve the Marxist revolution in Grenada, the Castro regime probably would back a new government headed by former Deputy Prime Minister Coard's radical faction. [redacted]

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Bishop has wide charismatic appeal, and confirmation of his death could provoke a strong reaction against the hardline faction. [redacted]

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**UK-FRANCE: Summit Meeting**

*Prime Minister Thatcher and President Mitterrand, who meet in London today, may try to coordinate policies on inclusion of British and French nuclear forces in arms control negotiations.* [REDACTED]

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**Comment:** The British and French realize that the USSR's insistence on taking their forces into account is a plausible stand for many in Western Europe. Thatcher and Mitterrand may try to undercut Moscow by reiterating conditions under which they would consider including their forces in some kind of arms negotiations.

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In addition, a joint statement could serve as a warning to those Allies pushing for concessions and as a message to the US not to alter its position without close consultations. The French previously have tried to strengthen the link between their position and that of the British, and Mitterrand may be particularly anxious for a reaffirmation by Thatcher of their common stand. [REDACTED]

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The two leaders also will discuss Middle East issues. Thatcher almost certainly will reiterate concerns about France's sale of Super Etendard aircraft to Iraq. [REDACTED]

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Both leaders probably will be in accord on Lebanon, and they are likely to agree that the Multinational Force should remain in place. Thatcher and Mitterrand share a concern that the negotiating process could bog down, however, and they may urge the US not to slow its search for an agreement. [REDACTED]

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The British and French probably will remain at odds over the financial problems of the EC. The British were pleased by recent French agreement that London's contributions to the Community budget should be reduced. Nevertheless, Thatcher's proposals for specific limits on national contributions to the EC and for reforming the Common Agricultural Policy are unlikely to receive Mitterrand's endorsement. [REDACTED]

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**USSR-WEST GERMANY: Soviet INF Threats**

*Moscow has intensified its campaign of threats against West Germany with the first attempt to link INF deployments and Berlin.*

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The communique issued Tuesday following Foreign Minister Gromyko's talks in East Germany warned of "serious losses" for West Germany's *Ostpolitik* and claimed that Western INF deployments would effectively contradict "Berlin agreements." No specific Berlin arrangements were cited, but the context implied the basic West German-East German accord concluded in 1971.

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**Comment:** The communique reflects Moscow's deep frustration over its lack of success to date against NATO's deployment plans. The USSR appears determined to do the utmost to increase dissensions over INF in the weeks before deployments begin.

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The West Germans, knowing that trade disruptions would hurt Moscow at least as much as themselves, are not likely to regard the economic threats too seriously. They are highly sensitive, however, to any threat of retaliation against West Berlin. The Soviets' Berlin linkage is certain to elicit a hostile West German public reaction and could even help the government in the Bundestag INF debate scheduled for 21 November.

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**JAPAN: Impact of Tanaka Verdict**

*Prime Minister Nakasone so far has contained the fallout resulting from the recent guilty verdict in the bribery trial of former Prime Minister Tanaka.* [REDACTED]

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[REDACTED]

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[REDACTED] The Socialists and the other opposition parties walked out when the ruling Liberal Democratic Party refused to vote on a resolution calling on Tanaka to resign from the Diet. [REDACTED]

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[REDACTED]

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[REDACTED] Although faction leaders are publicly disassociating themselves from Tanaka, none of them has been willing to call for his resignation. [REDACTED]

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**Comment:** Nakasone's rivals evidently do not want to precipitate an intraparty battle. Former Prime Minister Fukuda will be especially careful because many in the party blame him for the struggle that caused the fall of the Ohira government in 1980. [REDACTED]

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The Prime Minister's policy of forcing a debate in the Diet on economic issues apparently has kept his opponents off balance. He clearly hopes that President Reagan's visit next month will further divert their attention. [REDACTED]

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**Transportation Cost,  
Crude Oil From Khark Island  
to Western Europe** *\$ Per Barrel*

	August- September 1982	1 October 1983	15 October 1983
Tanker Charter Rate	2.66	1.10	1.10
War-Risk Insurance on Value of Cargo	.94	.11	.14
<b>Total Cost to Oil Purchaser</b>	<b>3.60</b>	<b>1.21</b>	<b>1.24</b>
War-Risk Hull Insurance on Value of the Ship <sup>a</sup>	(.17)	(.04)	(.04)

<sup>a</sup> Payable by shipowner, but passed on to purchasers of the oil as a component of charter rate.

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**PERSIAN GULF: Oil Transportation Costs**

*Iraq's anticipated acquisition of Super Etendard aircraft from France has produced only a limited reaction in the world tanker and insurance markets.* [redacted]

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Reporting in the shipping press indicates no upward movement in the charter rates demanded by tanker owners for movements of crude from the Iranian export facility at Khark Island or from the Arabian loading ports in the Persian Gulf. Insurance brokers say that the war-risk hull insurance rates paid by owners of tankers in all areas of the Persian Gulf are remaining steady. [redacted]

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Underwriters, however, have shortened the timespan during which hull insurance rates on ships trading at Khark Island and other Iranian ports are valid. The only element in oil transportation costs from Khark Island that changed during the first half of October was war-risk insurance on the value of cargo, which increased by 3 cents a barrel. [redacted]

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**Comment:** The situation in the Gulf will have to deteriorate drastically to raise overall transportation costs to the peak of \$3.60 per barrel reached in August and September 1982, when the Iraqis sank freighters in the upper Gulf. During that period, the Iranians had to discount their Khark Island crude to compensate for the \$2.90 differential between the shipping cost for a barrel of their crude and the 70-cent shipping cost for a barrel from Arab suppliers in the Gulf. [redacted]

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There is a continuing surplus of tankers worldwide, and charter and insurance rates could rise above their peaks in 1982 without jeopardizing the flow of crude from Khark Island. As the risks increased, however, underwriters would begin to deny coverage, and owners and crews probably would refuse to load at Khark in the face of a sustained Iraqi campaign against tankers trading with the island. [redacted]

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**TURKEY-US: Defense Minister's Visit**

*Defense Minister Bayulken's discussions here this week probably will center on US military assistance to Turkey, including coproduction of the F-16 fighter, purchase of F-4 fighters and Cobra helicopters, and the overall level of aid.* [redacted]

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**Comment:** The Turks, after over four years of deliberation, last month decided to purchase the F-16 as their new fighter. The Air Force needs to replace its obsolete F-100, F-5, and F-104 aircraft.

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The coproduction provision of the F-16 contract is particularly important to Ankara, which wants to develop its defense industries. After the plant is built, the Turks hope to earn badly needed foreign exchange by doing some aircraft maintenance for other countries.

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Bayulken also is likely to want to follow up on discussions held in June, when the US offered to provide at least five and possibly as many as 15 F-4s to Turkey. They would be in addition to the 35 F-4s that Ankara is trying to purchase from Egypt to replace its two squadrons of F-100s. He may ask for some US assistance in financing this deal. [redacted]

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In addition, the Defense Minister probably will stress that the purchase of six Cobra helicopters is essential to Ankara's ability to meet its NATO force goal of procuring 24 antiarmor helicopters within the next five years. [redacted]

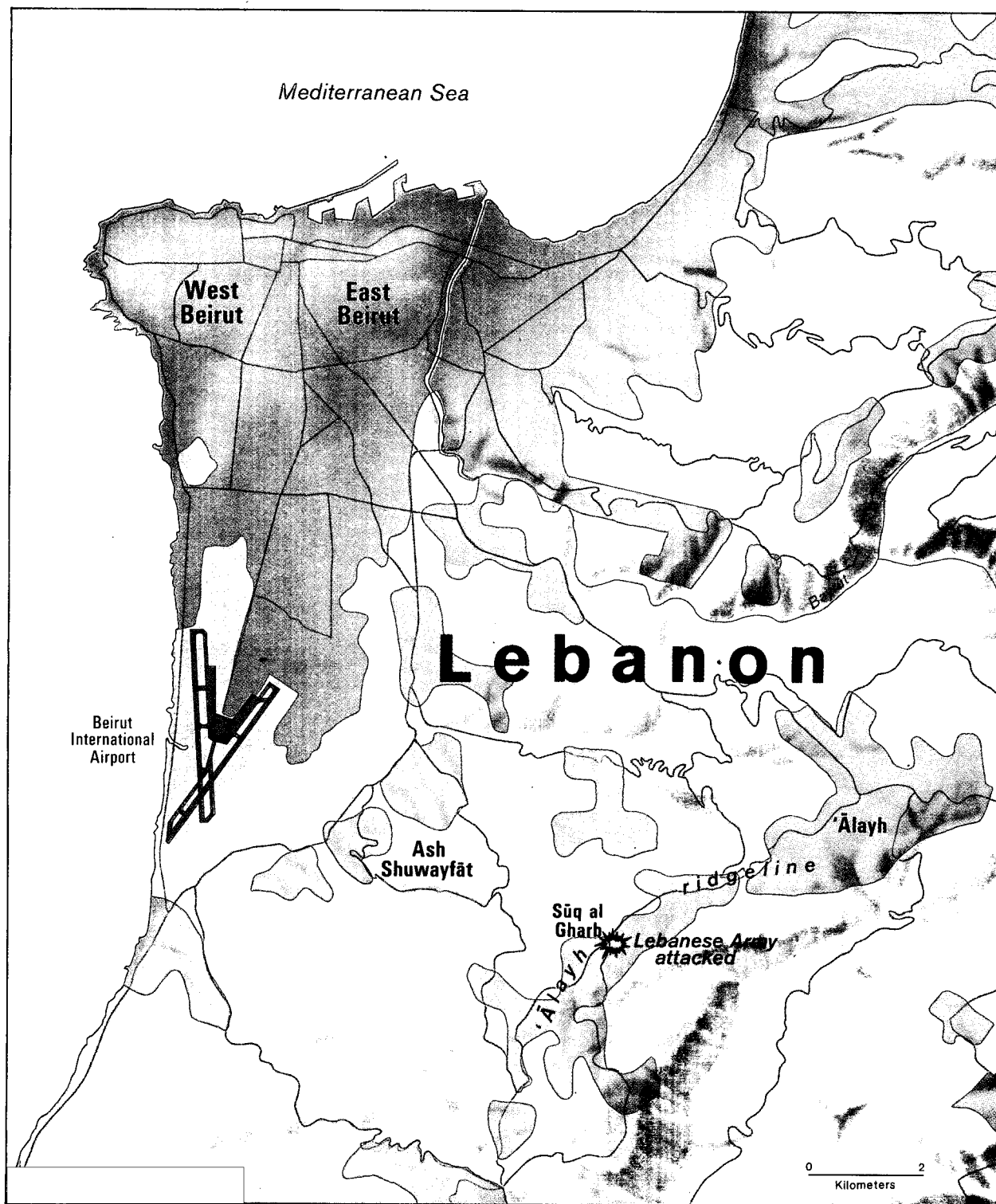
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**LEBANON: Military Pressure**

The government's decision yesterday to postpone indefinitely the national reconciliation conference followed the most intense fighting since the cease-fire began on 26 September. Army positions at Suq al Gharb were hit by artillery fire and by a ground assault. Army units also were harassed by snipers in Beirut and its southern suburbs. Since the cease-fire took effect, the Army reportedly has lost 37 soldiers killed and 78 wounded. [redacted]

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**Comment:** The Druze probably were responsible for the attacks on Suq al Gharb, which almost certainly were aimed at forcing President Gemayel to postpone the national reconciliation conference. Similar tactics are likely to be used in the future if political developments prove unacceptable to one of the parties in the reconciliation process. All groups evidently are prepared to pursue their own political objectives, even if this risks a complete breakdown of the cease-fire. [redacted]

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**USSR: Military Accused of Lying About Shootdown**

[redacted] a Soviet diplomat last month confided [redacted] that the Soviet military lied to the Ministry of Foreign Affairs about its involvement in the downing of the South Korean airliner. For the first three days following the incident, the military claimed that it had nothing to do with the shootdown, saying that the airliner had just disappeared from radar screens. [redacted]

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**Comment:** This account may contain some truth, but it appears primarily designed to absolve Soviet politicians—and diplomats—of a public relations debacle. Public statements issued in the USSR during the first five days after the shootdown obscured the fact that the airliner had been brought down by Soviet fighters. Foreign Ministry officials at most levels probably were not initially informed, as some have admitted to their US counterparts. It is inconceivable, however, that Foreign Minister Gromyko would not have been briefed along with the other Politburo members. [redacted]

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**BRAZIL: Congress Repeals Wage Law**

The congressional veto yesterday of a controversial wage-restraint law—the centerpiece of the IMF-mandated austerity program—came hours after the government enacted emergency measures in an apparent attempt to intimidate the legislature. The US Embassy reports that the administration will issue a substitute decree law on wages tomorrow while continuing negotiations with the opposition on a broad economic package. The emergency measures, which suspend freedom of assembly and permit searches without warrants, are limited to Brasilia and will remain in effect for 60 days.

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**Comment:** The defeat of the wage-restraint law will cause further delays in the resumption of IMF disbursements and commercial bank loans—probably at least for the rest of the year. The opposition so far has spurned President Figueiredo's appeal two weeks ago for a compromise. The government's partial suspension of constitutional guarantees, however, serves as a reminder that the transition to civilian rule could be aborted, and opponents of the regime will be chary of pushing too hard.

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**FRANCE: Socialists Disavow Peace Movement**

The Socialist Party's National Secretary for International Affairs, Jacques Huntzinger, on Tuesday publicly disassociated the party from the peace demonstrations scheduled for this weekend. Huntzinger emphasized the USSR's superiority over NATO in INF systems and blamed the Soviets for the impasse in Geneva. He stated that the party, in revising its policy guidance on European security, will reject any position that denies the need for nuclear deterrence. He also said that the party will consult on the issue with other Socialists, particularly the West German and the Flemish parties.

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**Comment:** Huntzinger's statement separates the Socialists from the pro-Socialist labor federation and the French Communist Party. The federation recently agreed to qualified cooperation with the non-Communist elements of the peace movement in France. The Communists, unlike their coalition partners, advocate including French and British nuclear forces in the Geneva talks.

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**USSR: Possible On-Site Nuclear Inspections**

*Pravda* last week took the unusual step of disclosing that the Soviet delegation in confidential talks at the meeting of the International Atomic Energy Agency in Vienna had indicated readiness to accept international inspection at several nuclear power plants and reactors in the USSR. In 1982 the USSR offered to put part of its civil nuclear program under international safeguards.

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**Comment:** The Soviets previously have subscribed to the principle of on-site inspections, but such an agreement could be the first to test compliance. On-site inspections as a part of this accord could pave the way for similar verification as part of an MBFR treaty.

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**PERSIAN GULF: Status of the Oilspill**

An expected shift in prevailing winds this month could cause significant amounts of oil from the leaking and burning platforms in Iran's offshore Now Ruz oilfield to reach the Kuwaiti and northern Saudi coasts by the end of the year.

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The spill, which is continuing at about 4,000 barrels per day, now totals some 1.5 million barrels.

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**Comment:** The widely reported appearance of tarballs throughout the Persian Gulf indicates that currents have distributed submerged oil over a much wider area or that tankers are using the spill as an excuse to dump oil illegally. When the oilspill reaches the coasts of Kuwait and Saudi Arabia, it will pose a threat to major desalination and electric power plants in those countries.

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